

City of Springfield
Regular Meeting

MINUTES OF THE SPECIAL REGULAR MEETING OF
THE SPRINGFIELD CITY COUNCIL HELD
MONDAY, JULY 26, 2004

The City of Springfield council met in special regular session in the Council Meeting Room, 225 Fifth Street, Springfield, Oregon, on Monday, July 26, 2004, at 7:10 p.m., with Council President Fitch presiding.

ATTENDANCE

Present were Councilors Ballew, Lundberg, Fitch, Ralston and Woodrow. Also present were City Manager Mike Kelly, Assistant City Manager Cynthia Pappas, City Attorney Joe Leahy, City Recorder Amy Sowa and members of the staff.

Mayor Leiken was absent (excused).

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Council President Fitch.

CONSENT CALENDAR

IT WAS MOVED BY COUNCILOR BALLEW, WITH A SECOND BY COUNCILOR WOODROW, TO ADOPT THE CONSENT CALENDAR WITH ITEM 5.A REMOVED. THE MOTION PASSED WITH A VOTE OF 5 FOR AND 0 AGAINST.

1. Claims

2. Minutes

- a. June 22, 2004 – Joint Elected Officials Work Session
- b. June 22, 2004 – Joint Elected Officials Regular Meeting
- c. July 19, 2004 – Work Session
- d. July 19, 2004 – Regular Meeting

3. Resolutions

- a. RESOLUTION NO. 04-33 – A RESOLUTION TO APPROVE A VARIANCE TO THE NOISE ORDINANCE ALLOWING LANE TRANSIT DISTRICT TO WORK ON A 24 HOUR BASIS BEGINNING JULY 27, 2004 THROUGH OCTOBER 31, 2004 FOR PROJECT P30398, BRT PHASE 1, MAIN AND SOUTH A STREET, AND PROJECT P30345, LTD STATION PUBLIC IMPROVEMENTS.
- b. RESOLUTION NO. 04-34 – A RESOLUTION AUTHORIZING AND APPROVING A STORMWATER TREATMENT FACILITIES OPERATIONS AND MAINTENANCE AGREEMENT AND GRANT OF EASEMENT FOR THE ROCKY ROAD SUBDIVISION.

- c. RESOLUTION NO. 04-35 – A RESOLUTION AUTHORIZING THE CITY MANAGER TO AWARD COMPETITIVE BIDS AMOUNTING TO MORE THAN \$15,000 DURING THE PERIOD OF JULY 27, 2004, TO SEPTEMBER 12, 2004, WHILE THE CITY COUNCIL IS IN RECESS.

4. Ordinances

1. ORDINANCE NO. 6095 – AN ORDINANCE AUTHORIZING PARTIAL REFUNDS FROM THE BUSINESS LICENSE TAX ON MOTOR VEHICLE FUEL DEALERS FOR PERSONS CERTIFIED BY THE CITY FOR SPECIAL REFUNDS, PROVIDING FOR ADMINISTRATION, ENFORCEMENT AND COLLECTION OF THE TAX; AMENDING SECTIONS 7.500 AND 7.536 OF THE SPRINGFIELD MUNICIPAL CODE, AND ESTABLISHING AN EFFECTIVE DATE.

5. Other Routine Matters

- b. Approval to Award the Contract to Asphalt Maintenance Associates, Inc. for Project P20411, Slurry Seal Overlay in the Amount of \$420,599.50
- c. Approval to Award the Contract to H & J Construction for Project P20377: Mountaingate Storm Sewer, in the Amount of \$177,066.00.
- d. Approval of a Proposed Contract to Proceed with Phase Two of the Geographical Information System (GIS) / Infrastructure Management System (IMS) Integration Project: Surface Waterways Integration.

ITEMS REMOVED FROM THE CONSENT CALENDAR

5.
 - a. Approval to Award the Contract to Babb Construction Company for Project P20205; Laura Street Realignment, in the Amount of \$415, 995.22.

Councilor Fitch said that everything is going well, but the city wants to wait to finalize this until all details are addressed.

City Attorney Joe Leahy said the city should have acquisition of the right-of-way within the next couple of days.

IT WAS MOVED BY COUNCILOR BALLEW WITH A SECOND BY COUNCILOR WOODROW FOR APPROVAL TO AWARD THE CONTRACT SPECIFIED IN THE AGENDA ITEM 5.A SUBJECT TO THE CONDITION THAT NO CONTRACT BE EXECUTED BY CITY UNTIL SUCH TIME AS CITY ACQUIRES THE RIGHT-OF-WAY NECESSARY FOR THE REALIGNMENT OF LAURA STREET TO CONSTRUCT PROJECT P20205. THE MOTION PASSED WITH A VOTE OF 5 FOR AND 0 AGAINST.

PUBLIC HEARINGS

1. Amendment to Springfield Development Code Regarding Urbanizable Fringe Overlay District.

ORDINANCE NO. 6096 – AN ORDINANCE AMENDING SECTION 29.030
“APPLICABILITY” ARTICLE 29 UF-10 URBANIZABLE FRINGE OVERLAY
DISTRICT OF THE SPRINGFIELD DEVELOPMENT CODE TO ELIMINATE THE
CESSATION OF THE UF-10 OVERLAY DISTRICT AND URBANIZABLE
PROPERTIES IN THOSE CIRCUMSTANCES WHERE ANNEXATION TO THE CITY
HAS NOT OCCURRED, AND DECLARING AN EMERGENCY.

Planning Supervisor Mel Oberst presented the staff report on this item. Section 29.030 is a provision for City Site Plan Review approval in those situations where annexation has not yet occurred but is "assured through the Development Agreement" that presents conflicts between City Site Plan Review and the uses permitted where the land has not yet been annexed to the city. Annexation cannot be assured by the city because the Lane County Local Boundary Commission makes the final local decision on annexations and procedures and timelines are not concurrent with City Site Plan Review. In addition, Development Agreement is not the method by which to secure annexation. The language in this section is antiquated and not implemented by the city through its policies and practices.

This amendment is a housekeeping measure to clear up the conflict between the city code and state statute. The city approaches this by allowing development to occur after annexation is completed or in certain circumstances the developer can submit concurrent development and annexation applications with a one hundred and twenty day waiver of the time limit for processing. This allows the city to process the annexation and have it completed before approving any decision on the land.

Councilor Ralston asked if there was a particular project that had instituted this change.

Mr. Oberst said it was brought to their attention when an applicant asked for assurance they would be annexed. The city can not make an assurance of annexation because it is dependent on the Lane County Boundary Commission to approve annexation.

Councilor Ralston asked if this made it more predictable for the developer or the city.

Mr. Oberst said it makes it more predictable for both.

Councilor Fitch opened the public hearing. Councilor Fitch received one Request to Speak card related to a topic not in the Public Hearing portion of the meeting. Because this is a special meeting with no scheduled time for Business from the Audience, Councilor Fitch said she would allow this speaker to come forward at this time.

2. Terry McDonald, 3063Whitback Boulevard, Springfield, OR Mr. McDonald represents St. Vincent DePaul. Mr. McDonald spoke in support of the application for the designation for vertical housing. This is a great thing going into the downtown core and gives the city a great new tool for all housing. It is a great way to encourage development of housing in downtown for all of the development community. These applications do expire after ten years and the taxes then go back to the city. He said the vertical housing designation would encourage development for all developers who are putting housing in the downtown core, especially since that is a high goal for the city.

Councilor Fitch closed the public hearing.

IT WAS MOVED BY COUNCILOR BALLEW WITH A SECOND BY COUNCILOR WOODROW TO ADOPT ORDINANCE NO. 6096. THE MOTION PASSED WITH A VOTE OF 5 FOR AND 0 AGAINST.

BUSINESS FROM THE CITY MANAGER

1. Acquisition of Real Property.

Technical Services Manager Len Goodwin presented the staff report on this item. In accordance with the council's prior general direction, staff has continued to explore opportunities to purchase parcels of property that support the long range goals of the Mill Race Ecosystem Restoration Project. Staff has reached an understanding with the owner of one parcel, subject to council approval.

Achieving the long range public benefits (recreation, economic development, etc.) of the Mill Race Ecosystem Restoration Project will require undertaking channel protection and bank stabilization projects between the Booth-Kelly crane shed and the Mill Race outlet.

The 2003-2008 Capital Improvement Program included \$450,000 for services and activities, including property acquisition, pertinent to riparian areas that support attainment of stormwater management, flood control and habitat protection objectives. A 0.38 acre parcel with a single family dwelling was placed on the market last July for \$99,500. This property is located on the south side of the Mill Race, adjacent to the east side of So. 2nd Street. A Phase 1 Environmental Site Assessment disclosed no indication of any current or historical on-site activity which might have resulted in adverse environmental impact and concluded that no further assessment of the subject property was warranted. A Restricted Use Appraisal prepared last November valued the property at \$70,000, reflecting the deteriorated condition of the dwelling. The subject property may have a role in resolving bank stabilization and erosion problems in the immediate vicinity. Staff have secured agreement with the property owner to sell the property at the appraised price, subject to normal conditions that appear reasonable, and executed a sales agreement which is subject to council approval. Staff recommends that council approve this purchase and authorize the City Manager, or designee, to execute closing papers based on the terms of the sales agreement.

Mr. Goodwin said some of the uses for this property include resolving bank stabilization and erosion problems near the apartment building across the street from the property and beginning construction of the MillRace multi-use path with assistance of a transportation enhancement grant. Staff is prepared to seek such a grant. Staff will review the parameters of the grant with council before a formal application is made. The existing structure on the property will be removed as it is not a viable structure.

IT WAS MOVED BY COUNCILOR BALLEW WITH A SECOND BY COUNCILOR WOODROW TO APPROVE AUTHORIZING THE CITY MANAGER OR DESIGNEE TO EXECUTE CLOSING DOCUMENTS TO PURCHASE REAL PROPERTY LOCATED AT 235 SOUTH 2ND STREET. THE MOTION PASSED WITH A VOTE OF 5 FOR AND 0 AGAINST.

2. Authority to Submit an Application to the State of Oregon for the Designation of a Vertical Housing Development Zone in Downtown Springfield.

RESOLUTION NO. 04-36 – A RESOLUTION AUTHORIZING AN APPLICATION TO THE STATE OF OREGON FOR THE DESIGNATION OF A VERTICAL HOUSING DEVELOPMENT ZONE, FOR THE PURPOSE OF CREATING AFFORDABLE HOUSING IN THE DOWNTOWN.

Housing Assistant Jodi Peterson presented the staff report on this item. The redevelopment and revitalization of downtown Springfield is a Top Priority Council Goal. Commercial and cultural redevelopment will benefit greatly from the creation of new housing in the downtown corridor. The State of Oregon has enacted the Vertical Housing Development Zone program (VHDZ) to assist jurisdictions with the development of housing within the urban core. A designation of a VHDZ in the downtown would encourage new housing development by offering property tax exemptions to eligible housing projects. The St. Vincent de Paul Society is proposing to develop a multi-floor housing project that would be eligible for tax exemption under the VHDZ program.

The creation of a significant number of new housing units in Springfield's downtown is essential to the vitality, growth and stability of the area. Staff is proposing to designate a VHDZ in the downtown under ORS 285C.450 to 285C.850 to encourage the development of new housing above new or existing commercial spaces. The VHDZ would have the same boundaries as the recently created Downtown Redevelopment Area. A VHDZ designation would help preserve street level commercial space and encourage the vertical development of housing. The tax exemption provided by the VHDZ would be twenty percent for each floor of new housing created above a commercial space. The tax exemption is capped at eighty percent, which means that all taxing authorities will receive at least twenty percent of their respective tax for each exempt project, regardless of how many floors of housing are constructed. The tax exemption would be applied to the entire project, not just the housing. The exemption on a property would expire after ten years. Each taxing authority will be notified of the intention to designate a VHDZ, and those listed in ORS 198.010 and ORS 198.180 (Attachment 6 included in the agenda packet) would have the option of not participating in the VHDZ program. Based on current tax rates, the city's portion of the tax foregone due to the VHDZ exemption would be approximately \$1.23 per thousand dollars of assessed value for each floor of housing built (this figure includes the permanent tax rate and the Fire Police and Bond Levies). Although Attachment 4 in the agenda packet lists many properties that meet the criteria for future vertical housing development, housing market limitations suggest that only a few projects eligible for VHDZ tax exemption will likely be constructed.

St. Vincent de Paul is proposing to develop a new five floor mixed use project at 5th Street and Main. The proposal received FY04-05 HOME and CDBG allocations totaling \$538,760. The project will consist of ground floor commercial and four floors of housing and would be eligible for eighty percent tax exemption under the VHDZ program. Tax exemption provided by the VHDZ program would help ensure the project's success, and aid in the agency's application for state and federal funding.

Ms. Peterson said if council approves tonight's resolution, the application would be sent by staff to the state. The state would make the designation. The city would then send notices to all of the local taxing districts. Two of those districts, Willamalane and the Metropolitan Wastewater Management Commission (MWMC), could opt out of this. All other taxing agencies that chose to participate in the tax exemption would then apply to the state. If approved it would be for new construction over commercial, existing commercial, or fully constructed commercial with

residential. If a property owner was to rehabilitate, reconstruct existing housing, or convert other uses to housing, they could also apply. There was concern about those that might take advantage and try to get the tax exemption without the necessary improvements. The city, state and assessor's office all look at the buildings and their improvements to make sure buildings qualify. It is important for St. Vincent DePaul to have this exemption.

Councilor Woodrow asked if the tax breaks would only apply to the floors above the commercial use.

Ms. Peterson said the exemption would apply to the entire building.

Councilor Ralston asked if there was a limit to the number of floors a building applying for this exemption could have. He asked what the height limit was for downtown.

Planning Supervisor Mel Oberst says there is no height limit in downtown.

Mr. Leahy said in terms of the benefit to the taxpayer, it is limited to eighty percent no matter how many floors.

Ms. Peterson said that at this time, the St. Vincent DePaul building is exempt.

Councilor Ballew said we can't afford to do this as we prepare to ask voters to approve an Urban Renewal District where the tax base is frozen. If a business is exempt from eighty percent of their taxes, not much tax will be generated. It is a nice idea, but she will not vote for it.

Councilor Lundberg said St. Vincent is a non-profit and asked why this building would be taxed.

Mr. McDonald said St. Vincent DePaul is a non-profit, but the partnerships they put together to develop housing are for profit and subject to taxes. The reason the tax exemption works so well in downtown cores, is that the twenty percent tax base generally covers what is currently going on in the first floor. The idea is to encourage more development. By having the continued twenty percent, the tax is staying the same, but there is no increment over the ten year period. There is no diminution of the tax base.

Councilor Ballew said there are additional costs because there are more people to serve.

Councilor Lundberg asked if there was an estimate of the tax value for the St. Vincent DePaul building.

Ms. Peterson referred to Attachment 8, page 1 included in the agenda packet which showed an example of an estimate. This estimate shows an exemption of roughly \$40,000 per year. The taxing district would be receiving about \$10,000 a year.

Councilor Ballew said the estimate is for this building only.

Ms. Peterson said that is correct. The district involves a larger area, but they are not anticipating any other buildings in the district applying for this exemption.

Councilor Woodrow confirmed that currently there are no taxes collected on the St. Vincent DePaul building.

Ms. Peterson said that is correct. They are only collecting on the Royal Building, which amounts to under \$500 a year.

Mr. Kelly referred to the example in the agenda packet which shows for a \$3M value, there is about a \$40,000 a year exemption. Over the ten years, it could amount to about \$400,000. The question is whether or not this building would be built without this program. The comparison is the value of having new buildings and housing downtown against the \$400,000 over 10 years in abated taxes by the public agencies. It is a matter of benefit versus cost.

Councilor Fitch said it is similar to a very short, ten-year Urban Renewal District.

Councilor Ballew said it is \$400,000 for one building, but if other properties choose to apply for this exemption that figure would increase and the cost to the city increases.

Mr. Kelly said on a short scale it doesn't seem too expensive, but on a large scale it may seem quite expensive. The question is whether or not this would make downtown a more vibrant place at the cost of abated taxes. He referred to Ms. Peterson's comment that she doesn't anticipate others to apply for this exemption. It may make a better downtown if they did. There is a cost to the city.

IT WAS MOVED BY COUNCILOR BALLEW WITH A SECOND BY COUNCILOR WOODROW TO ADOPT RESOLUTION NO. 04-36. THE MOTION PASSED WITH A VOTE OF 3 FOR AND 2 AGAINST (RALSTON AND BALLEW).

BUSINESS FROM THE CITY ATTORNEY

1. City Attorney Joe Leahy gave an update on the litigation involving the Shevchynski property. The city just received a victory in the Court of Appeals where all of the motions that have been filed regarding this case were rejected on July 22, 2004. He referred to a memo that gave a summary of that decision. The memo also stated that the city would recommend immediate action to abate the nuisance, which is a variety of personal property stored in the yard and right-of-way. The City Attorney's office will work with Public Works Director Dan Brown and Assistant City Manager Cynthia Pappas regarding what level of action to take. There was a similar situation several years ago and the city went out to remove the property and placed a lien against the property in order to get paid. The city has that right under our city code. He distributed a copy of the memo to council members. Unless there are more process motions filed, this seems to be winding down.

Councilor Ralston confirmed council is on recess until the August 16 Special Regular Meeting. He also noted the groundbreaking for the Armory on August 2 at 10:00am and the ribbon cutting for the I-5 Detour on August 10. He will be attending both events.

Mr. Kelly said the TEAM Springfield meeting is scheduled for Wednesday, August 18 at Clearwater Park. There will be a barbeque and a tour of the mill race.

Councilor Fitch asked about parking and/or transportation to the park.

Mr. Kelly said there will be a parking area just for TEAM Springfield members attending the meeting. Council will be notified of that in a Communication Packet.

ADJOURNMENT

The meeting was adjourned at 7:35 p.m.

Minutes Recorder Amy Sowa

Sidney W. Leiken
Mayor

Attest:

City Recorder